

32ND ALASKA STATE LEGISLATURE
FIRST SESSION
SPECIAL SESSION
CONFERENCE COMMITTEE ON HB 69 and HB 71
June 3, 2021
2:02 p.m.

2:02:21 PM

CALL TO ORDER

Chair Foster called the Conference Committee meeting on HB 69 and HB 71 to order at 2:02 p.m.

MEMBERS PRESENT:

House:

Representative Neal Foster, Chair
Representative Kelly Merrick
Representative Bart LeBon

Senate:

Senator Bert Stedman, Vice-Chair
Senator Click Bishop
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

Alexei Painter, Director, Legislative Finance Division

SUMMARY

HB 69 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 69 was HEARD and HELD in committee for further consideration.

HB 71 APPROP: MENTAL HEALTH BUDGET

HB 71 was HEARD and HELD in committee for further consideration.

#HB69

#HB71

CS FOR HOUSE BILL NO. 69(FIN) am(brf sup maj fld)(efd fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; and making capital appropriations, supplemental appropriations, and reappropriations."

SCS CSHB 69(FIN) AM S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making capital appropriations, supplemental appropriations, and reappropriations; and providing for an effective date."

and

CS FOR HOUSE BILL NO. 71(FIN) am

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 71(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making capital appropriations and supplemental appropriations; and providing for an effective date."

[2:02:59 PM](#)

Chair Foster invited Alexei Painter, Director of the Legislative Finance Division to join the committee at the table.

Chair Foster noted that the committee would be addressing open items in HB 69 and HB 71 based on the motion sheets distributed to members and dated June 3rd (copy on file) on:

FY 21 SUPPLEMENTAL OPERATING BUDGET:

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DEBT SERVICE
FUND CAPITALIZATION

FY 22 OPERATING BUDGET:

DEBT SERVICE
FUND CAPITALIZATION
LANGUAGE AND OTHER APPROPRIATIONS

[2:03:37 PM](#)

Chair Foster relayed that the committee would first hear items from the FY 21 supplemental operating budget.

^FY 21 SUPPLEMENTAL OPERATING BUDGET: DEPARTMENT OF HEALTH AND SOCIAL SERVICES

[2:03:43 PM](#)

Vice-Chair Stedman MOVED that the committee ADOPT the following in the Department of Health and Social Services (DHSS) budget:

Item 12 Senate
Item 13 Senate

Representative LeBon OBJECTED. He asked for additional information on the selection of the Senate version for items 12 and 13. Additionally, he asked for the funding source for both House and Senate versions.

Chair Foster explained that the House and Senate had both fully funded school bond debt and the Regional Educational Attendance Area (REAA) Fund. He detailed that the House had used some Medicaid lapsing funds, whereas the Senate version used undesignated general funds (UGF) and the Public School Trust Fund. He asked Mr. Painter if the statements were accurate.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION corrected that the fund source was the School Fund, not the Public School Trust Fund.

Chair Foster explained that the motion would switch the fund source to all UGF and the School Fund.

Senator Olson asked what happened to the Medicaid funding that had not been used for DHSS.

Mr. Painter answered that the House version had reappropriated approximately \$87 million of lapsing Medicaid funds. He reported that more recent projections indicated the Medicaid lapse may be less than that amount. He detailed that the entire lapsing amount may not fully fund the appropriation; some of the funding would be used for Medicaid. He relayed that in the Senate version of the budget, lapsing appropriations were transferred to the Statutory Budget Reserve in a separate item that would not be addressed during the current meeting.

Representative LeBon WITHDREW the OBJECTION.

There being NO further OBJECTION, items 12 and 13 for the Department of Health and Social Services were ADOPTED.

^FY 21 SUPPLEMENTAL OPERATING BUDGET: DEBT SERVICE

[2:06:28 PM](#)

Chair Foster noted that the item was also related to school bond debt reimbursement.

Vice-Chair Stedman MOVED that the committee ADOPT the following in the Debt Service budget:

Item 1 Senate

There being NO OBJECTION, item 1 for Debt Service was ADOPTED.

^FY 21 SUPPLEMENTAL OPERATING BUDGET: FUND CAPITALIZATION

[2:06:58 PM](#)

Chair Foster relayed that the item was related to switching from REAA to UGF in alignment with the Senate version of the budget.

Vice-Chair Stedman MOVED that the committee ADOPT the following in the Fund Capitalization budget:

Item 1 Senate

There being NO OBJECTION, item 1 for Fund Capitalization was ADOPTED.

Senator Olson asked for verification that the REAA school bond debt reimbursement was fully funded.

Chair Foster answered that the item was funded at 100 percent.

Mr. Painter replied that the REAA school bond debt would be fully funded after the adoption of items in the FY 22 budget. He explained that the Senate had fully funded the item in FY 22.

Chair Foster explained that there were numerous transactions with the end result of funding school bond debt and REAA at 100 percent using UGF and the School Fund.

Chair Foster stated that the actions concluded the FY 21 supplemental operating budget items on the agenda. He moved to the FY 22 operating budget items.

^FY 22 OPERATING BUDGET: DEBT SERVICE:

[2:08:35 PM](#)

Vice-Chair Stedman MOVED that the committee ADOPT the following within the Debt Service budget:

Item 1	Open
Item 16	Senate
Item 17	Senate

There being NO OBJECTION, items 1, 16, and 17 for Debt Service were ADOPTED.

Chair Foster noted that the items were also related to school bond debt. He stated that item 16 was backstop language related to school bond debt.

^FY 21 SUPPLEMENTAL OPERATING BUDGET: FUND CAPITALIZATION:

[2:09:22 PM](#)

Vice-Chair Stedman MOVED that the committee ADOPT the following within the Fund Capitalization budget:

Item 1	Open
Item 6	Senate
Item 7	Senate
Item 8	Senate
Item 9	Open
Item 10	Open

There being NO OBJECTION, items 1 and 6 through 10 for Fund Capitalization were ADOPTED.

^FY 21 SUPPLEMENTAL OPERATING BUDGET: LANGUAGE AND OTHER APPROPRIATIONS

2:10:00 PM

Vice-Chair Stedman MOVED that the committee ADOPT the following within the Language and Other Appropriations budget:

Item 1	Senate
Item 2	Senate
Item 3	House
Item 4	Senate
Item 5	Open

Representative LeBon OBJECTED to item 1 for clarification.

Chair Foster asked Mr. Painter if he had any comments on item 1.

Mr. Painter replied that he had no comments on the item.

Chair Foster read the [House] intent language related to item 1:

It is the intent of the legislature that no state funds be used to promote the creation or expansion of a borough where one does not already exist unless the residents in the affected jurisdiction have expressed the desire to reside in a borough through a public vote on the matter.

Representative LeBon asked for historical perspective regarding the need for the intent language. He asked if the

state had a past practice of forcing organized boroughs on unorganized areas.

Vice-Chair Stedman noted that the motion on item 1 would adopt the Senate version and did not accept the intent language that had been adopted by the House.

Chair Foster agreed. He clarified that the intent language had been passed by the House. The motion would reject the intent language and adopt the Senate version of item 1.

Senator Olson wondered why the intent language had been included in the House.

Chair Foster answered that had not been in support of the language when it had passed in the House; therefore, he could not speak to the reason for the language.

Vice-Chair Stedman believed the language may violate the confinement clause in the state's constitution. He remarked that the intent language had nothing to do with the appropriation bill under consideration. He highlighted that all items in the bill had a life of one year. He stated that in the early part of each year the House and Senate worked with their members to ensure a better understanding of what should be included or not included in an operating budget bill. He was concerned that more and more intent language items were being added.

Chair Foster added that a majority of the House members who believed the issue [addressed by the House intent language] existed regarding boroughs. He could not speak to the issue as he had not supported the intent language.

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Representative LeBon believed the process the following year should be to look at a separate vehicle outside of the budget to clarify that Alaska did not want to organize boroughs without allowing local residents to weigh in. He thought it was likely all members would philosophically agree on the matter. He stated that he had objected in order to have a short dialogue on the topic. He noted that not including the intent language in the operating budget did not mean the topic did not deserve conversation. He WITHDREW the OBJECTION.

Vice-Chair Stedman OBJECTED for discussion. He believed that the last borough created was the Petersburg Borough. He explained that the Petersburg/Wrangell area had been targeted as a combined model borough. He highlighted that the constitution required all of the area of the state to be within boroughs. He noted it had taken many years to get there and he estimated it would still take several decades to meet the requirement. He elaborated that the state had allowed Petersburg and Wrangell to have their own separate boroughs to encourage the communities to voluntarily form a borough. He did not believe there was intent in the legislature to force borough creation. However, the legislature could encourage communities by giving them more flexibility to incentivize citizens to want to be in a borough. He WITHDREW the OBJECTION.

Representative LeBon appreciated the remarks. He shared that in the Interior, the Denali Borough had voted to organize. He believed it had been a very successful borough. He wanted local residents to have the ability to lead in the effort and not be forced to organize by a state mandate.

There being NO further OBJECTION, items 1 through 5 for Language and Other Appropriations were ADOPTED.

Chair Foster stated that the actions concluded the business for the hearing. He relayed that when the next meeting date and time had been determined, the information would be noticed on BASIS on akleg.gov.

Vice-Chair Stedman MOVED to ADJOURN the meeting.

There being NO further OBJECTION, it was so ordered.

ADJOURNMENT

[2:17:01 PM](#)

The meeting was adjourned at 2:16 p.m.